

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REPORT
YEAR ENDED MARCH 31, 2009

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED MARCH 31, 2009

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AUDITORS' REPORT

To the shareholders
Fawaz Abdulaziz Al Hokair & Co.
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Scope of Audit

We have audited the consolidated balance sheet of Fawaz Abdulaziz Al Hokair & Co. (a Saudi joint stock company) (the "Company") as of March 31, 2009 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and notes 1 to 24 which form an integral part of these consolidated financial statements as prepared by the Company in accordance with Article 123 of the Regulation for Companies and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting standards used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2009, and the consolidated results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards appropriate to the nature of the Company, and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these consolidated financial statements.

Emphasis of Matter

As disclosed in Note 9 to the accompanying consolidated financial statements, The Company has acquired 15% of an associated company's share in a mall and a hotel for SR 100 million. The legal formalities to transfer the share ownership in the name of the Company were in process as of March 31, 2009.

Deloitte & Touche
Bakr Abulkhair & Co.



Ehsan A. Makhdoum
License No. 358

Jumada Al-Awal 16, 1430
May 11, 2009

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2009

	Note	2009 SR	2008 SR
ASSETS			
Current assets			
Cash and bank balances	3	24,215,711	27,566,083
Trade receivables		-	4,000,000
Inventories	4	364,843,452	353,258,588
Prepayments and other assets	5	127,720,872	176,623,235
Due from related parties	6	156,666,221	83,154,700
Total current assets		<u>673,446,256</u>	<u>644,602,606</u>
Non-current assets			
Investments in an associate and other company	7	147,913,749	135,007,375
Advances against investments	8	138,541,103	24,472,838
Investment property	9	124,606,063	25,454,547
Property and equipment	10	489,042,791	379,287,153
Deferred charges	11	16,305,167	24,525,960
Total non-current assets		<u>916,408,873</u>	<u>588,747,873</u>
TOTAL ASSETS		<u>1,589,855,129</u>	<u>1,233,350,479</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Due to banks	12	370,000,000	101,612,128
Trade payables		162,540,717	99,885,438
Accrued expenses and other liabilities	13	165,552,215	103,844,102
Total current liabilities		<u>698,092,932</u>	<u>305,341,668</u>
Non-current liabilities			
End-of-service indemnities		<u>28,915,173</u>	<u>22,520,101</u>
Shareholders' equity			
Share capital	1	700,000,000	700,000,000
Statutory reserves	14	89,738,403	69,502,572
Retained earnings		73,108,621	135,986,138
Total shareholders' equity		<u>862,847,024</u>	<u>905,488,710</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,589,855,129</u>	<u>1,233,350,479</u>

The accompanying notes form an integral part of these consolidated financial statements.

FAWAZ ABDULAZIZ AL HOKAIR CO.
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED MARCH 31, 2009

	Note	2009 SR	2008 SR
Retail sales		1,899,111,982	1,583,956,889
Cost of sales		<u>(1,111,379,454)</u>	<u>(908,969,563)</u>
Gross profit		787,732,528	674,987,326
Selling and marketing expenses	16	(510,709,923)	(378,299,590)
General and administrative expenses	17	(44,557,037)	(42,414,034)
Depreciation and amortization	9, 10 & 11	<u>(64,704,369)</u>	<u>(46,702,707)</u>
Operating income		167,761,199	207,570,995
Share in net income of associate	7	12,906,374	2,978,549
Finance charges		(12,458,165)	(7,196,350)
Other income, net	19	<u>41,607,906</u>	<u>9,919,574</u>
Income before zakat		209,817,314	213,272,768
Zakat	15	<u>(7,459,000)</u>	<u>(11,870,187)</u>
NET INCOME		<u>202,358,314</u>	<u>201,402,581</u>
Earnings per share (in Saudi Riyals):			
From operating income	20	<u>2.40</u>	<u>2.97</u>
From net income	20	<u>2.89</u>	<u>2.88</u>

The accompanying notes form an integral part of these consolidated financial statements.

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEAR ENDED MARCH 31, 2009

	Note	Share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
April 1, 2007		400,000,000	49,362,314	324,723,815	774,086,129
Increase in share capital		300,000,000	-	(300,000,000)	-
Net income for the year		-	-	201,402,581	201,402,581
Transfer to statutory reserve	14	-	20,140,258	(20,140,258)	-
Dividend paid	21	-	-	(70,000,000)	(70,000,000)
March 31, 2008		700,000,000	69,502,572	135,986,138	905,488,710
Net income for the year		-	-	202,358,314	202,358,314
Transfer to statutory reserve	14	-	20,235,831	(20,235,831)	-
Dividend paid	21	-	-	(245,000,000)	(245,000,000)
March 31, 2009		<u>700,000,000</u>	<u>89,738,403</u>	<u>73,108,621</u>	<u>862,847,024</u>

The accompanying notes form an integral part of these consolidated financial statements.

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2009

	2009 SR	2008 SR
OPERATING ACTIVITIES		
Income before zakat	209,817,314	213,272,768
Adjustments for:		
Depreciation and amortization	64,704,369	46,702,707
Provision for end-of-service indemnities	7,496,193	8,077,487
Provision for inventory shortages and slow moving	27,654,288	7,461,620
Share of net income of associate	(12,906,374)	(2,978,549)
Changes in operating assets and liabilities:		
Trade receivables	4,000,000	8,195,228
Inventories	(39,239,152)	(53,195,332)
Prepayments and other assets	48,902,363	(76,152,245)
Trade payables	62,655,279	31,396,469
Accrued expenses and other liabilities	54,249,113	6,163,919
Cash from operations	427,333,393	188,944,072
Zakat paid	-	(13,836,001)
End-of-service indemnities paid	(1,101,121)	(2,846,687)
Net cash from operating activities	426,232,272	172,261,384
INVESTING ACTIVITIES		
Investment property	(100,000,000)	-
Investments in an associate and other company	-	(59,007,375)
Purchase of property and equipment, net	(169,608,360)	(191,523,621)
Advances against investment	(114,068,265)	(24,472,838)
Deferred charges	4,217,630	(13,863,077)
Net cash used in investing activities	(379,458,995)	(288,866,911)
FINANCING ACTIVITIES		
Dividends paid	(245,000,000)	(70,000,000)
Due to banks	268,387,872	101,612,128
Due from/to related parties, net	(73,511,521)	13,728,271
Dividend received	-	2,978,549
Net cash (used in) from financing activities	(50,123,649)	48,318,948
Net change in cash and bank balances	(3,350,372)	(68,286,579)
Cash and bank balances, beginning of the year	27,566,083	95,852,662
CASH AND BANK BALANCES, END OF THE YEAR	24,215,711	27,566,083
Non-cash transactions:		
Increase in share capital	-	300,000,000
Property and equipment transferred to inventory	-	25,551,979

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

1. ORGANIZATION AND ACTIVITIES

Fawaz Abdulaziz Al Hokair & Company (the Company) is registered in Riyadh under commercial registration No. 1010076209 dated 20/8/1410 H (corresponding to March 18, 1990).

The Company was converted from a limited liability company to a joint stock company as per ministerial decree number 3515 dated Zul Qa'dh 21, 1427 H (corresponding to December 12, 2006). The founding shareholders sold 30% of their shares in the Company's capital to the public.

The objectives of the Company and its subsidiaries as per their articles of association are to engage in the following activities:

- Wholesale and retail trading in ready-made cloth for men, women and children, shoes, textiles, house and office furniture, perfumes, natural cosmetics, ornaments and beauty materials and their compounds and traditional jewelry.
- Wholesale and retail trading in sports wares and shoes and their complementaries.
- Management and operation of optics centers, wholesale and retail trading in eye glasses and sun glasses, contact lenses, optical equipment and accessories.
- Trading agencies.
- Purchase of land and construction of buildings thereon for the purpose of running the Company's activities and business.
- Manufacture, wholesale and retail in Ibayas, robes, torah and other women embroidered gowns.
- Wholesale and retail trading in gold, silver, jewelry, precious stones, diamonds, gold ornaments and precious metals.
- Wholesale and retail trading in communication equipment and related accessories and spare parts, maintenance and operation through trading agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared in compliance with the Accounting Standards issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Accounting convention

The consolidated financial statements are prepared under the historical cost convention except for investment in associate which are accounted using equity method.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting standards requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and activities actual result ultimately may differ from those estimate.

Basis of consolidation

The consolidated financial statements include the financial statements of Fawaz Abdulaziz Al Hokair & Co. and the following subsidiaries:

	Ownership percent	
	2009	2008
Al Waheedah Equipment Company Limited	100%	100%
Haifa B. Al Kalam & Partners International Company for Trading	100%	100%
Saudi Retail Company Limited	100%	100%

Investment in Al-Waheedah Equipment Co. Ltd., Haifa B. Al Kalam & Partners and Saudi Retail Company Limited is 95% owned directly and 5% owned through cross ownership.

All significant inter-company balances and transactions have been eliminated.

Revenue recognition

Revenue from sales is recognized when goods are delivered and invoices are issued to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2009

Leasing

Rental income under operating leases are recognized in income on a straight line basis over the term of the operating lease.

Rental payable under operating leases are charged to income on a straight line basis over the term of the operating lease.

Expenses

Selling and marketing expenses principally comprise of costs incurred in the distribution and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a weighted average cost basis.

Investment in associate and other company

Investments in associated companies in which the Company has equity interest of 20% to 50% or exercises significant influence are recorded using the equity method, under which the investment is stated initially at cost and adjusted thereafter for the post acquisition changes in the net assets of the investee companies. The Company's equity in the net income or loss of the associated companies is included in the consolidated statement of income.

Investments less than 20 % for which there is no readily available market are stated at cost. The carrying amount of investments is reduced to recognize other than temporary diminution in value.

Investment properties

Investment properties are reflected at cost less accumulated depreciation. Depreciation on investment properties is charged on a straight line method using a depreciation rate of 3% per year. Gains from these investments are reported upon the sale of investment. Income from lease of such properties is recognized in the consolidated statement of income.

Deferred charges

Deferred charges represent key money, and other deferred charges, and are amortized using the straight-line method over a period of five to ten years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2009

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are as follows:

Buildings and leasehold improvements	3% - 12.5%
Furniture and office equipment	10% - 12.5%
Motor vehicles	25%

Impairment

The Company reviews annually the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian Labor Law, are provided in the consolidated financial statements based on the employees' length of service.

Cash and cash equivalents

Cash and cash equivalents contain cash on hand, in banks and time deposits with original maturities of 90 days or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2009

Zakat

The Company and its subsidiaries are subject to the Regulations of the Directorate of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia on individual basis. Zakat is provided on an accruals basis. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Dividends

Dividend distributions are recorded in the year in which the General Assembly approves such distributions.

3. CASH AND BANK BALANCES

	2009 SR	2008 SR
Cash in hand	2,225,476	3,323,670
Cash at banks	21,990,235	24,242,413
	<u>24,215,711</u>	<u>27,566,083</u>

4. INVENTORIES

	2009 SR	2008 SR
Goods available for sale	355,083,155	317,861,761
Goods in transit	26,015,631	20,806,311
Provision for inventory shortages	(40,467,344)	(14,473,126)
	<u>340,631,442</u>	<u>324,194,946</u>
Supplies	36,772,583	39,964,145
Provision for slow-moving supplies	(12,560,573)	(10,900,503)
	<u>364,843,452</u>	<u>353,258,588</u>

5. PREPAYMENTS AND OTHER ASSETS

	2009 SR	2008 SR
Prepayments	53,019,788	95,363,661
Advances to suppliers	35,233,750	44,737,407
Employee receivables	12,183,434	7,255,037
Margin compensation receivable	7,818,731	3,064,440
Margin on letters of credit and guarantees	7,132,630	6,050,822
Other	12,332,539	20,151,868
	<u>127,720,872</u>	<u>176,623,235</u>

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2009

6. DUE FROM (TO) RELATED PARTIES

During the year, the Company transacted with Saudi FAS Holding and its subsidiaries. The terms of those transactions are approved by management in the ordinary course of business.

The significant transactions and the related amounts are as follows:

	2009 SR	2008 SR
Sales	27,325,751	14,145,937
Rental payments including advances	137,605,722	143,250,186
Construction works	45,758,885	66,422,931

The balances due from (to) related parties as of March 31 consist of the following:

	Relationship	2009 SR	2008 SR
Due from related companies:			
Arabian Centers Company	Affiliate	120,655,164	80,609,584
Fawaz Abdulaziz Al Hokair & Co. Real Estate Co.	Affiliate	15,622,667	2,545,116
Retail Group Lebanon	Affiliate	13,124,888	-
Retail Group Egypt	Affiliate	4,112,259	-
Retail Group Jordan	Affiliate	1,886,039	-
Retail Group Gulf LLC	Affiliate	1,265,204	-
		<u>156,666,221</u>	<u>83,154,700</u>

7. INVESTMENTS IN AN ASSOCIATE AND OTHER COMPANY

	Ownership percentage	Opening balance	Additions	Equity share in net earnings	Dividends	Closing balance
Associate:						
Investate Reality BSC	13.9%	59,007,375	-	12,906,374	-	71,913,749
		59,007,375	-	12,906,374	-	71,913,749
Other:						
Trade Center	7.6%	76,000,000	-	-	-	76,000,000
		76,000,000	-	-	-	76,000,000
2009		135,007,375	-	12,906,374	-	147,913,749
2008		76,000,000	59,007,375	2,978,549	(2,978,549)	135,007,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2009

8. ADVANCES AGAINST INVESTMENTS

	2009 SR	2008 SR
Advance against acquisition of a company (8.1)	99,333,684	-
Advance against purchase of business (8.2)	39,207,419	24,472,838
	<u>138,541,103</u>	<u>24,472,838</u>

8.1) The Company has signed a memorandum of understanding on November 4, 2008 with Wahba Trading Company to acquire 100% of the share capital of that Company. The deal was approved by the Company's board of directors on April 5, 2009 and the final value agreed was SR 175 million. The legal formalities related to this transaction were in process as of March 31, 2009.

8.2) The Company has signed an agreement dated April 22, 2007 to acquire 70% of the assets of Twaila Establishment against which the Company has given an advance of SR 26 million and a further advance of SR 13 million to such company to meet its working capital requirements. The legal formalities related to this transaction were still in process as of March 31, 2009.

9. INVESTMENT PROPERTY

	2009 SR	2008 SR
Cost (9.1)	28,000,000	28,000,000
Addition during the year (9.2)	100,000,000	-
Less: Accumulated depreciation	(3,393,937)	(2,545,453)
Net book value	<u>124,606,063</u>	<u>25,454,547</u>

9.1) This represents investment in property on the 28th floor of Kingdom Towers.

9.2) The Company has acquired 15% of an associated company's share in a mall and a hotel for SR 100 million. The legal formalities to transfer the share ownership in the name of the Company were in process as of March 31, 2009.

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2009

10. PROPERTY AND EQUIPMENT

	Land	Buildings &	Furniture and	Motor	Capital	Total
	SR	improvements	office	vehicles	work in	
	SR	SR	equipment	SR	progress	SR
Cost						
April 1, 2008	61,045,930	402,980,331	83,949,491	15,900,713	58,151,779	622,028,244
Additions/reclassifications	-	207,931,987	(21,310,173)	580,515	(13,261,512)	173,940,817
Disposals	-	-	-	(2,629,127)	-	(2,629,127)
March 31, 2009	61,045,930	610,912,318	62,639,318	13,852,101	44,890,267	793,339,934
Accumulated depreciation						
April 1, 2008	-	187,702,901	43,158,945	11,879,245	-	242,741,091
Charge for the year	-	51,498,999	6,522,218	1,831,505	-	59,852,722
Reclassifications	-	24,067,810	(20,133,239)	305,444	-	4,240,015
Disposals	-	-	-	(2,536,685)	-	(2,536,685)
March 31, 2009	-	263,269,710	29,547,924	11,479,509	-	304,297,143
Net book value						
March 31, 2009	61,045,930	347,642,608	33,091,394	2,372,592	44,890,267	489,042,791
March 31, 2008	61,045,930	215,277,430	40,790,546	4,021,468	58,151,779	379,287,153

During the year ended March 31, 2008, the Company acquired various land amounting to SR 61 million. The transfer of the title deed for certain lands amounting to SR 16 million in the name of the Company was in process as of March 31, 2009.

FAWAZ ABDULAZIZ AL HOKAIR & CO.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2009

11. DEFERRED CHARGES

	2009 SR	2008 SR
Cost		
Balance, beginning of year	47,391,138	33,528,061
Additions	3,932,370	13,863,077
Reclassification	(8,150,000)	-
Balance, end of year	<u>43,173,508</u>	<u>47,391,138</u>
Accumulated amortization		
Balance, beginning of year	22,865,178	20,350,776
Charge for the year	4,003,163	2,514,402
Balance, end of year	<u>26,868,341</u>	<u>22,865,178</u>
Net book value	<u>16,305,167</u>	<u>24,525,960</u>

12. DUE TO BANKS

The Company has short term Murabaha facilities with local commercial banks amounting to SR 370 million (2008: SR 155 million) of which SR Nil (2008: SR 67 million) was un-utilized as at March 31, 2009. The facilities are secured by joint and several guarantees and promissory notes issued by the Company's Directors.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	2009 SR	2008 SR
Rent	38,276,829	28,144,870
Payable to contractors and others	29,831,968	16,529,511
Provision for zakat (Note 15)	19,329,187	11,870,187
Employee benefits	38,246,786	15,724,552
Customs and shipping	7,795,407	8,462,994
Other	32,072,038	23,111,988
	<u>165,552,215</u>	<u>103,844,102</u>

14. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2009

15. ZAKAT

The principal elements of the zakat base for Fawaz Abdulaziz Al Hokair & Co. are as follows:

	2009	2008
	SR	SR
Opening shareholders' equity less dividends	769,502,572	749,362,314
Income before zakat	206,218,314	209,786,849
Non current liabilities and provisions	31,808,795	35,050,959
Non current assets	(907,289,486)	(672,429,587)

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in provision for zakat is as follows:

	2009			2008
	SR			SR
	Fawaz Abdulaziz Al Hokair & Co.	Subsidiaries	Total	Total
Balance, April 1	8,384,268	3,485,919	11,870,187	13,836,001
Provision for the year	3,860,000	3,599,000	7,459,000	11,870,187
Payments during the year	-	-	-	(13,836,001)
Balance, March 31 (Note 13)	<u>12,244,268</u>	<u>7,084,919</u>	<u>19,329,187</u>	<u>11,870,187</u>

During the year ended March 31, 2008, the Company received zakat assessment for the years ended March 31, 2002 to 2007 which shows additional claims amounting to SR 13 million. The Company objected on certain items amounting to SR 4 million and accordingly the Company submitted a letter of guarantee for the objected amount and received the final zakat certificate for the said years.

16. SELLING AND MARKETING EXPENSES

	2009	2008
	SR	SR
Rent	250,507,030	176,562,733
Employees' salaries and related expenses	157,594,624	132,542,600
Provision for inventory shortages and slow moving inventory	27,654,288	7,461,620
Utilities and maintenance	23,351,576	21,400,483
Advertising and publishing	20,526,784	15,092,085
Travel	8,076,848	5,861,449
Packing materials	4,208,421	6,088,309
Insurance	917,655	3,233,525
Others	17,872,697	10,056,786
	<u>510,709,923</u>	<u>378,299,590</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2009

17. GENERAL AND ADMINISTRATIVE EXPENSES

	2009 SR	2008 SR
Employees' salaries and related expenses	33,720,363	29,834,266
Travel	2,287,785	2,982,806
Rent	1,653,902	2,500,000
Others	6,894,987	7,096,962
	<u>44,557,037</u>	<u>42,414,034</u>

18. CONTINGENT LIABILITIES

At March 31 the Company and its subsidiaries had commitments and contingent liabilities as follows:

	2009 SR	2008 SR
Letters of credit	<u>119,248,629</u>	<u>109,432,730</u>
Letters of guarantee	<u>133,447,298</u>	<u>123,649,558</u>

19. OTHER INCOME, NET

	2009 SR	2008 SR
Foreign exchange gain, net	35,661,638	6,844,161
Others	5,946,268	3,075,413
	<u>41,607,906</u>	<u>9,919,574</u>

20. EARNINGS PER SHARE

Earnings per share from operating income and from net income for the year is calculated by dividing operating income and net income for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

The calculation of earning per share for the year ended March 31, 2008 has been adjusted to reflect the bonus shares issued during the year ended March 31, 2009.

The outstanding number of shares used for calculating earning per share for the years ended March 31, 2008 and March 31, 2009 was 70,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2009

21. DIVIDENDS

The shareholders in the Annual General Meeting dated June 17, 2008 resolved to distribute cash dividends of SR 122,500,000 (SR 1.75 per share) from the retained earnings as of March 31, 2008.

The Company's Board of Directors in their meeting dated October 20, 2008 resolved to distribute interim cash dividend of SR 122,500,000 (SR 1.75 per share).

For the year ended March 31, 2008, the Company distributed cash dividends of SR 70,000,000 (SR 1 per share) and further issued three bonus shares for every four shares held.

22. SEGMENT INFORMATION

The Company operates through its various retail outlets scattered in the Kingdom of Saudi Arabia.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments carried on the balance sheet principally include cash and cash equivalents, trade receivable, trade payables and accrued expenses and other liabilities.

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk. Cash is substantially placed with national banks with sound credit ratings. Prepayment and other assets are carried net of provision for doubtful debts, if any.

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company monitors the fluctuations in commission rates and believes that the effect of the commission rate risk is not material.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi riyals, Euro and U.S. dollars. Management monitors the fluctuations in currency exchange rates, and the effect of the currency fluctuation was beneficial to the Company during the year.

Liquidity risk is the risk that Company will be unable to meet its funding requirements primarily for loan commitments. The Company maintains adequate funding to meet such obligations when they become due.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

24. COMPARATIVE FIGURES

Certain figures for 2008 have been reclassified to conform with the presentation in the current year.